

**U.S. General Services Administration (GSA)**

**PRESIDENTIAL TRANSITION “HOT ISSUES” INFORMATION PAPER**

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***SUBJECT: R9 Engagement with Silicon Valley***

**1. BACKGROUND:**

**For the last year, the RA plays a central role in facilitating GSA's relationship with Silicon Valley. Additionally, other federal agencies have begun to establish more formal presences in the Bay Area related to technology. For example, DoD and DHS have dedicated offices and staff for liaising with industry. It is critical that GSA/TTS continue developing relationships in the Valley and the other federal partners with a presence in the area.**

**a. General Background:**

- GSA's presence in Silicon Valley is currently headed by the R9 Regional Administrator and less formally by the 18F staff offices in San Francisco. The effort is largely driven by the Regional Administrator and has no dedicated budget or staff (beyond the RA Special Assistant).
- The Department of Defense established a presence in Silicon Valley with their Defense Innovation Unit Experimental (DIUx) to identify procurement pathways for military procurement of innovative technology.
- The Department of Homeland Security established a Silicon Valley office to identify procurement pathways for domestic national security procurement of innovative digital technology, and further, to invest with seed funding those applications that would be modified slightly to better meet such requirements. DHS leverages unique procurement authorities (Broad Agency Announcements, etc) to accomplish this work.

**b. Issues:**

- The GSA must maintain a presence in Silicon Valley venture capital firms and tool-makers in order to best understand the technology market and gain insights to better inform offerings
- The presence must be an explicit part of a senior executive's responsibilities, and this individual needs to be held accountable for performance in this space.

**2. SCOPE AND EFFECT:**

**a. Impact on GSA's Customers:**

- GSA's market is largely made up of traditional federal vendors. As technology advances, largely by companies based in technology hubs like Silicon Valley, they are looking less to the government as a place to do business.
- Less than \$1 billion of GSA's total FSS/MAS's annual +\$40 billion in sales is procured from California-based companies, and this includes all sales.

- The Federal Government tends to buy more expensive solutions that do the same thing as Commercial-Off-The-Shelf solutions offered by tech companies, at a cheaper cost to constituents.
- Federal customers are actively seeking creative acquisition solutions to get at the latest and greatest technology offered by the most innovative companies, namely cloud-based solutions.
- As GSA *continues* to build on successes bringing additional companies into our acquisition vehicles, Federal Partners will continue to look to GSA to acquire these solutions.

b. Impact on the Private Sector and State & Local Governments:

- Tech companies are seeking completed sales cycles of less than 90 days, and by onboarding companies and facilitating sales to federal partners, GSA can make the federal government an attractive channel into which companies can invest.
- Tech companies need assistance working through process--currently feedback from the Silicon Valley sector of the tech industry indicates that both the business and security compliances processes are far too burdensome to participate. By connecting to the right people and processes, the marketplaces can expand appropriately.

3. **ACTION(S) PLANNED OR REQUIRED:**

**The next Regional Administrator or other appointed Senior executive should spend 40-50% of their time on this effort. GSA should consider establishing a formal office in the Pacific Rim Region to provide market insights and provide customer feedback into GSA acquisition cycles.**

- Build off relationships developed by current Regional Administrator and formalize role for RA on this issue. Recommend focusing on market research and vendor feedback on GSA markets and acquisition vehicles.
- Establish GSA connections with DoD's Silicon Valley Liaison Shop, the Defense Innovation Unit Experimental (DIUX)
- Establish GSA relationships with DHS's Silicon Valley Office
- Establish GSA relationships with the Department of State's Silicon Valley Office
- Consider coordinating activities in the region of mutual interest, such as common procurement, information sharing, executive branch outreach.

4. **KEY STAKEHOLDER INTEREST:**

**Congress will eventually turn its eye towards the federal government's activities in the region in a comprehensive--government-wide acquisition context. It will benefit the GSA and the Executive Branch to have coordinated strategies.**

5. **FISCAL YEAR 2017/2018 BUDGET IMPACT:**

**These efforts do not have explicit budgetary requirements, however the implicit effort associated with modifying GSA business processes and systems to make it easier**

**and more transparent to do business through our vehicles is significant and not obviously quantifiable.**